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## Taiwan

### Grain and Feed

## PRC Imports Disrupt Taiwan Corn Market 2004

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**Report Highlights:**

The entry of 22,000 tons of PRC corn on May 26 resulted in a market disruption caused by sharply lower prices and uncertainties about product quality.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Taipei [TW1]  
[TW]

**PRC Shipment Disrupts Taiwan Corn Market**

According to local industry sources, a shipment of 22,000 metric tons of PRC corn that arrived on May 26<sup>th</sup> has severely disrupted the Taiwan corn market -- despite the fact that it accounted for less than 1 percent of yearly consumption. The PRC corn, which arrived at the Port of Taichung and is priced at NT\$6.1 or NT\$6.2 per kilo (\$184-188 per ton), has pushed wholesale corn prices from NT\$7.1 to NT\$7.3 per kilo (\$215-221 per ton) to NT\$6.5 to NT\$6.7 per kilo (\$197-203 per ton). These price fluctuations, combined with falling futures prices in Chicago, have made local corn users hesitant to buy corn from the local market for the time being, resulting in financial losses for some importers.

The PRC corn has also disrupted the market because of its low quality and the concern that it can be easily mixed with higher quality corn from other origins. The PRC corn was reportedly diverted from Japan because of high counts of foreign material and dark kernels. Since Taiwan has traditionally imported US#2 corn, it uses the U.S. grain grading system for trading imported corn on the wholesale market. PRC corn, which uses a different grading system, is not compatible with this trading system. As a result, the introduction of PRC corn has created uncertainty in a market where buyers are normally assured of product quality because of the pervasive use of US#2 equivalent corn.

As of May 27, Taiwan has contracted or imported for 2.8 million metric tons of corn for July delivery, of which 24,000 mt of high oil corn is supplied by Argentina, 40,000 mt from Thailand and 90,000 mt from PRC. All the rest is U.S. corn. U.S. corn still accounts for 94 percent of total imports.